



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

August 26, 2014

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To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains reports on the following:

- **Status of County-Advocacy Legislation**
 - **County-supported AB 1450 (Garcia)** – related to voter-approved property tax increments to support pension programs, was amended on August 21, 2014.
 - **County-supported AB 1730 (Wagner)** – related to violations of home loan modification law, passed the Senate Floor on August 22, 2014, and now proceeds to the Governor.
 - **County-opposed AB 1881 (Jones-Sawyer)** - related to appointments to the employee relations commissions of the County of Los Angeles and the City of Los Angeles, passed the Senate Floor on August 25, 2014, and now proceeds to the Governor.
 - **County-opposed AB 2052 (Gonzales)** – related to workers' compensation presumptions, passed the Assembly Floor on August 25, 2014, and now proceeds to the Governor.

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- **Status of Legislation of County Interest.** Reports on two measures of significant interest to the County related to: 1) seeking Federal approval to add a non-designated hospital in Contra Costa County to the list of designated public hospitals; and 2) allowing counties to contract with correctional facilities for jail space.

Status of County-Advocacy Legislation

County-supported AB 1450 (Garcia), which would have required that beginning in FY 2014-15, any revenue generated and collected from a voter-approved property tax rate to support pension programs must be allocated to the city, county, or city and county whose voters approved the tax was amended on August 21, 2014.

As amended, AB 1450 would authorize: 1) a city or county that levies a voter-approved property tax rate to make payments in support of pension programs to request that an oversight board to prohibit these revenues from being deposited into a Redevelopment Property Tax Trust Fund (RPTTF); and 2) an oversight board to deny a city or county's request to prohibit these revenues from being deposited into an RPTTF if there is "substantial evidence" that a former redevelopment agency spent, pledged, or otherwise used these revenues to fund enforceable obligations. In the event an oversight board does not deny a city or county's request, these revenues will not be deposited into RPTTF and will instead be allocated to the city or county whose voters approved the tax.

Similar to the previous version of the AB 1450, as amended, the measure clarifies that: 1) all pension tax revenue allocations made by county auditor-controllers prior to July 1, 2014 shall be deemed correct and shall not be affected by this measure; and 2) cities, counties, county auditor-controllers, successor agencies, and/or affected taxing entities shall not be subject to any claims for money, damages, or reallocated revenues based on any allocation of such revenues prior to July 1, 2014.

This office is working with the Auditor-Controller and County Counsel to determine whether the recent amendments will have a significant impact on the County and/or whether or not the amendments warrant consideration of a change in the County's position on AB 1450.

AB 1450 has been re-referred to the Senate Appropriations Committee for consideration.

County-supported AB 1730 (Wagner), which as amended on June 5, 2014, would give prosecutors the discretion to charge persons and/or entities who demand advance fees to purportedly assist with home loan modifications with a felony rather than a misdemeanor, was amended on August 19, 2014.

As amended, AB 1730 would remove the option to charge offenders with a felony, but continues to maintain new civil penalties for violations of existing provisions regarding advance fees for loan modification services, including: 1) civil penalties of \$20,000 for each violation; 2) additional civil penalties of \$2,500 per violation if the victim is a disabled person or a senior citizen; and 3) court ordered restoration to a senior citizen or disabled person of the money or property acquired by means of a violation. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals that increase protections for consumers against fraud, scams, and unfair or deceptive business practices, **the Sacramento advocates will continue to support AB 1730.**

AB 1730 passed the Senate Floor by a vote of 76 to 0 on August 22, 2014, and now proceeds to the Governor.

County-opposed AB 1881 (Jones-Sawyer), which as amended on March 28, 2014, would prescribe requirements for appointments to the employee relations commissions of the County of Los Angeles and the City of Los Angeles, passed the Senate Floor by a vote of 22 to 10 on August 25, 2014. This measure now proceeds to the Governor.

County-opposed AB 2052 (Gonzalez), which as amended on August 18, 2014, would extend certain workers' compensation presumptions to all employees that fall under the statutory definition of peace officer, passed the Assembly Floor, in concurrence of Senate amendments, by a vote of 51 to 10 on August 25, 2014. This measure now proceeds to the Governor.

Legislation of County Interest

AB 39 (Skinner) which as amended on August 21, 2014 would require the California Department of Health Care Services to seek Federal approval to add the Doctors Medical Center in Contra Costa County, to the list of designated public hospitals eligible to receive Medicaid reimbursements on a Certified Public Expenditure basis. AB 39 would appropriate \$3.0 million in State General Fund to the Doctors Medical Center, and cite legislative findings and declarations that a special law is necessary to prevent the imminent closure of the hospital. AB 39 is an urgency measure which requires a two-third vote of each house of the Legislature for passage. If approved and signed by the Governor, AB 39 would be effective immediately.

Under current law, designated public hospitals are defined as a hospital that is licensed to a county, a city, a city and county, the State of California, the University of California, a local health care district, a local health authority, or any other political subdivision of the State. There are 22 designated public hospitals in California each of which is required to provide health care coverage for indigent persons as defined under Welfare and Institutions Code Section 17000. In addition, under the terms and conditions of the State's 1115 Medicaid waiver, a Bridge to Reform, the designated public hospitals are required to meet specific requirements for patient care as a condition of Federal reimbursement. This allows designated public hospitals to maximize Federal Medicaid funding.

The Doctors Medical Center is a non-designated public hospital (NDPH) operated by the Contra Costa Healthcare District. NDPHs are public entities owned by health districts. These hospitals operate in 22 counties and are the major source of health care for the Medi-Cal and underserved populations. NDPHs receive Medi-Cal reimbursements either at cost or on a per diem negotiated rate. NDPHs are not required to provide indigent health care.

AB 39 would, subject to Federal approval, designate the Doctors Medical Center as a public hospital. This would make the hospital eligible to cost-based reimbursement for fee-for-service Medi-Cal, and allow the hospital to access Federal funding through the Safety Net Care Pool and the Delivery System Reform Incentive Pool.

The Department of Health Services (DHS) notes that although AB 39 would set a precedent in selecting one district for designation as a public hospital, the bill would not impact Disproportionate Share Hospital funding for the County. DHS also notes that AB 39 would have no immediate impact to the Delivery System Reform Incentive Pool fund and only result in a small draw on the Safety Net Care Pool funding. We continue to work with DHS and other stakeholders to determine if an advocacy position on this measure is warranted.

AB 39 is sponsored by the California Nurses Association. The measure is opposed by the California Association of Public Hospitals.

AB 39 is currently the Senate Rules Committee.

SB 1376 (Gaines), which as amended on August 21, 2014, would allow counties to contract with any public or private correctional facilities system in the United States to house inmates sentenced to county jail.

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Existing law authorizes a sheriff, if facilities are no longer available in the county jail due to crowding, to transfer a person committed to a county jail to facilities that are available in the city jail.

SB 1376 would authorize the sheriff of a county to contract with any state, county, or private jail or prison system in the United States to house inmates on behalf of the county and to transfer inmates to those facilities, with or without the inmate's permission. The bill would require the State Department of Corrections and Rehabilitation to pay for the actual cost of housing and transporting transferred inmates. SB 1376 is an urgency measure and would take effect immediately upon enactment.

This measure is similar to **County-sponsored AB 2534 (Dababneh)**, which as introduced on February 21, 2014, would have authorized the Los Angeles County Board of Supervisors, upon agreement with the Sheriff, to enter into contracts with private community correctional facilities to house inmates sentenced to county jail. AB 2534 failed in the Assembly.

There currently is no registered support or opposition on file for SB 1376. This measure is currently in the Senate Rules Committee.

This office is working with the Sheriff's Department to determine the potential impact of SB 1376 to the County.

We will continue to keep you advised.

WTF:RA
MR:VE:IGEA:lm

c: All Department Heads
Legislative Strategist